3 Discounted Gold Stocks to Buy Now

Description

The TSX is down about 8.2% right now, which is less than the S&P 500 and NASDAQ, but it's still quite a dip. Inflation is at an all-time high, and combined with a probability of a recession, it's pointing towards a good investment opportunity: buying gold stocks. Right now, most gold stocks are heavily discounted.

Still, as more focus shifts towards them, the more rapidly they are likely to rise in the coming weeks, offering you decent capital appreciation.

A mid-cap gold stock

Centerra Gold (TSX:CG) is a Toronto-based gold mining company with a market cap of around $3 billion. It primarily operates in North America but also has a presence in Turkey. The local reserves (in Canada) are adequately substantial for a miner. Its size and its foreign interests are pretty promising as well. Apart from gold, the next largest reserves the company holds are copper.

The stock initially peaked around the Great Recession. After a massive fall between 2012 and 2013, the stock experienced a steady rise for the next five years. It has been quite cyclical in the last five years, rising and falling by substantial margins. It has fallen by about 42% from its post-pandemic peak and is ripe for a bull run if gold gets the limelight.

A large-cap gold stock

If you are looking for discounted giants in the Canadian gold mining sector, **Agnico Eagle Mines** (TSX:AEM)(NYSE:AEM) is a senior gold mining company that has been operating for over six decades. It has an extensive operations portfolio with mines in three countries: Canada, Mexico, and Finland. Most of the company's operational mines are in Canada.

Agnico is a smart investment not just because of its extensive 37% discount from its 2020 peak but also because of the dividend. Thanks to the recent fall, the stock is currently offering a decent yield of

2.9%. If it falls a little further and the recovery potential takes it to or beyond its 2020 peak, it might double your money in a couple of years.

A small-cap gold stock

Dundee Precious Metals (TSX:DPM) has an entirely foreign portfolio. It has mining operations in Namibia and Bulgaria. The exploration assets are also offshore in Bulgaria and Serbia. The amount of proven and probable reserves is comparable to much larger companies (by market cap). The company has also diversified its portfolio through strategic investments in other gold companies.

It's the only gold stock on that list that experienced relatively stable and consistent growth in a few years preceding the 2020 crash. Its decline of almost 27% has also been fairly consistent. It's also quite attractively valued with a price-to-earnings ratio of 5.1, and in addition to its capital-appreciation potential, it's also offering a decent 2.6% yield.

Foolish takeaway

Even if a full-blown market crash is not around the corner, gold stocks can be decent additions to your portfolio. Some serve as a strong hedge against inflation, while others can offer decent long-term growth potential. While the dividends are not exactly rare for gold stocks, the yields are usually low. An over 2.5% yield from a gold stock can be considered decent enough.

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1. Investing
2. Metals and Mining Stocks

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2. TSX:AEM (Agnico Eagle Mines Limited)
3. TSX:CG (Centerra Gold Inc.)
4. TSX:DPM (Dundee Precious Metals Inc.)

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